

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
7.5% Vacancy Rate	▲	▲
142K YTD Net Absorption, SF	▼	▼
\$15.59 Asking Rent, PSF	▲	—

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
\$78,300 Milwaukee Median Household Income	▲	▲
0.5% Milwaukee Population Growth	▼	▲
3.2% Milwaukee Unemployment Rate	▼	▲

Source: BLS, BOC, Moody's Analytics

ECONOMY

Milwaukee, nestled on the shores of Lake Michigan, exudes vibrancy with its rich cultural tapestry showcased through festivals, diverse culinary experiences, historic neighborhoods, and its renowned brewing and manufacturing heritage. Metro Milwaukee's unemployment rate decreased 40 basis points (bps) year-over-year (YOY) to 3.2%, and the population rose 0.5% YOY.

MARKET OVERVIEW

The Metro Milwaukee retail market experienced negative absorption totaling -124,962 square feet (sf) in the third quarter of 2024, bringing the year-to-date (YTD) total to 142,048 sf. The overall market vacancy rate is 7.5%, a 270 bps increase YOY. The Wauwatosa submarket had the strongest quarter with 14,100 sf of positive absorption, led by Dollar Tree leasing 11,500 sf at Burleigh Square, a new 14,100 sf delivery that was quickly leased up due to limited market-wide availability for Class A space in desired submarkets.

Leasing activity remained active in Q3 with 43 transactions (new leases and renewals) totaling 211,137 sf signed, a 23.9% increase from Q2. Of the total leasing activity, 52.7% occurred in Class B space, totaling 111,289 sf leased this quarter. The median lease size was 2,000 sf, showing continued demand for smaller size suites and less demand for larger size suites in the market.

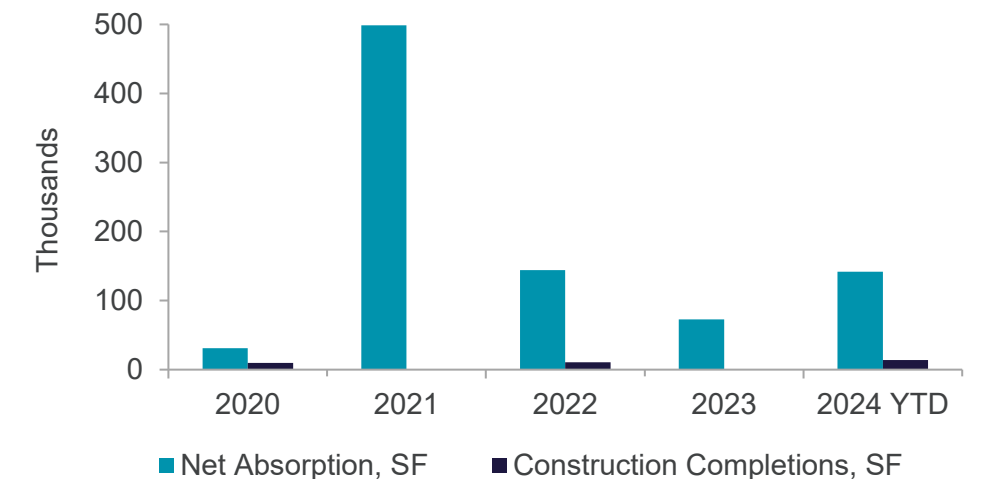
The market's overall rental rate decreased 1.1% quarter-over-quarter (QOQ) to \$15.59 triple net (NNN) per square foot (psf). The Wauwatosa submarket continued to be the tightest market with a 1.7% vacancy rate, leading to a market-high rental rate for a submarket at \$29.88 NNN.

Despite space shedding across all asset classes, Class B properties saw a negative absorption of -100,879 sf in Q3, compared to only -26,871 sf for Class A properties. While Class A properties continue to have strong demand, the lack of available space has led to the majority of the quarter's leasing activity occurring in Class B properties.

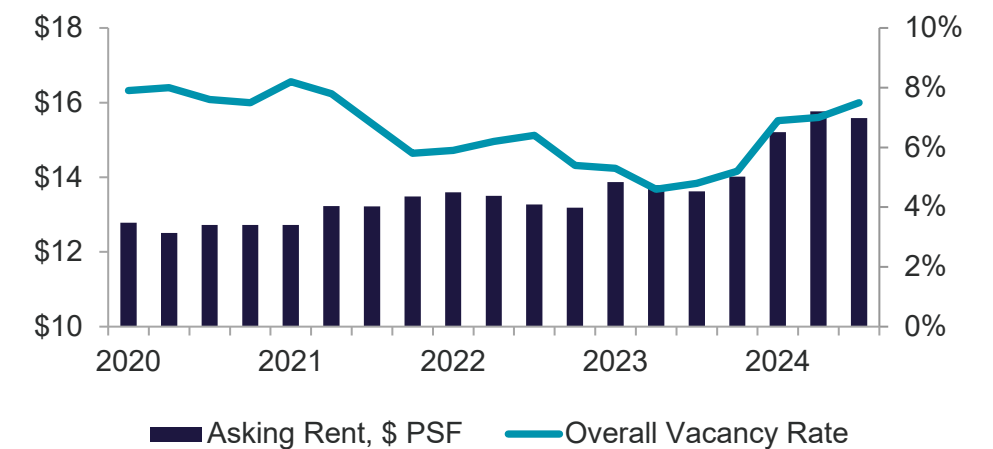
OUTLOOK

Milwaukee's retail market continues to have significant demand for quality space in the most sought-after locations with finite product being delivered or in the construction pipeline. Tenants are seeking space outside of the Downtown corridor, due to greater availability of quality inventory and favorable geographical features in high-impact areas. The market is seeing a rise in service tenants over traditional retail tenants. This surge in service tenants, such as casual dining and fast-food establishments, is driving medtail tenants from outlots into larger shopping centers due to the high demand for outlots.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL AVAILABLE (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (NNN)*
Downtown Milwaukee	250,581	16,987	16,987	6.8%	-7,000	-3,510	0	\$18.00
Lake Country	1,324,467	68,583	51,621	3.9%	-869	30,090	0	\$13.93
Mequon	608,371	19,390	19,390	3.2%	11,587	59,705	0	\$12.78
Muskego / Mukwonago	544,969	36,940	34,940	6.4%	4,120	15,720	0	\$13.87
North Shore	971,699	101,925	91,375	9.4%	5,185	12,824	0	\$27.14
Northern Ozaukee	1,597,728	78,617	66,811	4.2%	-1,600	-807	0	\$9.23
Northern Washington	1,963,335	175,708	117,635	6.0%	-15,352	-9,705	0	\$15.71
Northwest Milwaukee	2,778,407	711,901	445,849	16.0%	-55,306	-47,077	0	\$11.23
Racine County	3,351,609	419,050	395,875	11.8%	-3,294	65,904	0	\$21.19
Southeast Milwaukee	2,169,203	102,771	54,463	2.5%	8,539	10,239	0	\$15.93
Southwest Milwaukee	2,727,962	201,015	153,741	5.6%	-63,586	-55,986	2,400	\$19.62
Sussex / Menomonee Falls / Germantown	2,242,219	358,365	266,081	11.9%	-10,967	-482	0	\$16.21
Waukesha / Brookfield / New Berlin	5,502,843	477,526	326,429	5.9%	10,510	30,970	0	\$14.82
Wauwatosa	906,489	24,715	15,487	1.7%	14,100	19,890	0	\$29.88
Western Milwaukee	3,955,563	280,694	251,907	6.4%	-21,029	14,323	0	\$9.33
MILWAUKEE TOTALS	30,895,445	6,819,991	2,308,591	7.5%	-124,962	142,048	2,400	\$15.59

*Rental rates reflect Triple Net asking \$PSF/Year

KEY LEASE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
12575 W Capitol Dr, Brookfield	Waukesha / Brookfield / New Berlin	Crunch Fitness	54,756	New
2205 N Calhoun Rd, Brookfield	Waukesha / Brookfield / New Berlin	Pickleball Kingdom	45,366	New
11300 N Port Washington Rd, Mequon	Mequon	Planet Fitness	12,781	New
12110-12114 W Burleigh St, Wauwatosa	Wauwatosa	Dollar Tree	11,500	New
1959-1967 Wisconsin Ave, Grafton	Northern Ozaukee	AMRAP Method	6,472	Renewal

KEY SALES TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	BUYER / SELLER	SF	PRICE / \$ PSF
17395-17445 W Bluemound Rd, Brookfield	Waukesha / Brookfield / New Berlin	Exceeding Investment, LLC / Anderson Commercial Group	58,889	\$11.45 / \$194
18736-18838 County Line Rd, Germantown	Sussex / Menomonee Falls / Germantown	HJ Development / Crown Group	63,750	\$6.3M / \$99

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